

# M e m o r a n d u m

To: Panel Members Date: August 27, 2004

From: Ruby Cohen, Manager Analyst: R. Hernandez

Subject: ONE-STEP AGREEMENT FOR **CON-WAY TRANSPORTATION SERVICES, INC.**

## **CONTRACTOR:**

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition  
SET - Workers Earning At Least State Average  
Hourly Wage And SET -Workers In High  
Unemployment Areas
- Legislative Priorities: Moving To A High Performance Workplace
- Type of Industry: Transportation
- Repeat Contractor: No
- Contractor's Full-Time Employees
  - *Worldwide:* 18,300
  - *In California:* 1,700
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

## **CONTRACT:**

- Program Costs: \$333,606
- Substantial Contribution: \$0
- Total ETP Funding: \$333,606
- Total In-kind Contribution: \$600,000
  - *Trainee Wages Paid During Training:* \$600,000
  - *Other Contributions:* \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Statewide

## **INTRODUCTION:**

Con-Way Transportation Services, Inc. (CTS) is a wholly owned subsidiary of CNF, Inc. Founded in 1983, CTS specializes in time-definite and day-definite surface freight transportation for commercial, industrial, retail and manufacturing companies throughout North America. Con-Way Western Express (CWX) a division of CTS, is a regional motor carrier providing next and second-day service throughout 13 Western states, including California, Hawaii, and Alaska, with service into Mexico. CTS currently has 26 CWX service centers and 5 CWX zone operations centers located throughout California, a logistics center located in Mira Loma, and the CWX administrative headquarters located in Buena Park.

This project is for the Con-Way Western Express division. The Buena Park facility qualifies for out-of-state competition funds as the headquarters that does significant business outside of California. In addition, the Company qualifies for Special Employment Training (SET) funds under Title 22, California Code of Regulations (CCR), Section 4409(a) for the retraining of frontline workers in occupations that pay at least the State average hourly wage and frontline workers in high unemployment areas (HUA) of the State (Kern, Imperial, Butte, Fresno, Kings, Shasta, Monterey, San Joaquin, and Lake Counties). Although Section 4409(a)(5) allows wage waivers for workers in high unemployment areas, no waivers are being requested in this project. Con-Way Western Express proposes to retrain 611 newly hired or newly promoted employees in the skills required to maintain high-wages, secure jobs, transition to a high performance workplace, upgrade employee skills level, provide quality service, and meet customer demands.

## **MEETING ETP GOALS AND OBJECTIVES:**

Con-Way Western Express proposes training that will further the following ETP goals and objectives:

- 1) Training will be provided to new workers and or promoted workers of a company that is growing and providing high-skilled, high-wage jobs and is committed to an on-going investment in the training of frontline workers.
- 2) Training is targeted for frontline workers earning high wages: The prevalent wage for trainees in this project is \$20.50. Training is expected to provide secure employment for workers in high-wage, high-skill jobs, meeting ETP's legislative mandate to invest in developing the skills of frontline workers and to foster job retention of high-wage, high-skilled jobs.
- 3) Training is designed to assist the Company in preparing frontline workers to meet the challenges of a high performance workplace.
- 4) Training will target frontline workers located in areas of the State with unemployment rates significantly higher than the State average.

**TRAINING PLAN TABLE:**

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job Number 1 SET Frontline Workers	Menu Business Skills Commercial Skills Computer Skills	601	28 - 170	0	\$546	*\$11.50 - \$41.25
Job Number 2 Retrainees	Menu Business Skills Computer Skills	10	28 - 170	0	\$546	\$22.50 – \$32.50
					<b><u>Average Cost Per Trainee</u></b>	
					\$559	
<b><u>Health Benefits Used To Meet ETP Minimum Wage:</u></b>					<b><u>Turnover Rate</u></b>	<b><u>% Of Mgrs &amp; Supervisors To Be Trained:</u></b>
*Health Benefits of at least \$2.70 and a bonus of \$.40 will be added to the driver sales representative's base wage to meet the SET minimum hourly rate of \$20.29 for frontline workers who earn at least the State average hourly wage.					14%	9%
<b><u>Other Employee Benefits:</u></b> 401(k) program, a Company Stock Purchase Plan, Personal Time Off pay, Holiday Pay, Bereavement Leave, and Jury Duty Pay.						

**COMMENTS / ISSUES:**

➤ ***Production During Training***

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

➤ ***SET Frontline Workers***

This training project proposes to include 58 frontline workers currently employed as driver sales representatives, account executives, or business development graduates, upgrade their skills. Following the completion of training, these participants will be promoted and complete their employment retention period under the occupational title of freight operations supervisor or assistant service center manager. According to CWX, these occupations are internal career ladder promotions which enhance their skills and employment security.

Based on their occupations prior to and during training and the fact that the training is for job-related skills with definite career potential and long-term job security, staff determined that the occupational titles of freight operations supervisor and assistant service center manager meet the legislative mandate to develop career ladders for workers.

All participants in this project meet the Panel definition of frontline workers under Title 22 CCR, Section 4400(ee).

**PROPOSED ACTION:**

Staff recommends that the Panel approve this Agreement if funding is available and the project meets the Panel priorities.

**NARRATIVE:**

According to Company officials, an increase in competition and customer expectations requires CWX to become a high performance workplace where each employee is able to respond to customer demands with skill and efficiency. To maintain its competitive edge and transition to a high performance workplace, CWX is committed to investment in new equipment and current technology. In 2003, CWX invested over \$8 million on new equipment and software to create a high performance workplace that will challenge the Company's employees while maximizing customer service. In 2004, the Company plans to spend over \$60 million to purchase additional highway tractors, trailers, forklifts.

CWX officials realize that it must not only invest in equipment and technology, but must also promote and upgrade employees' skill levels to meet customer demands and transition to a high performance workplace. In addition, Company representatives certify that it is growing. In 2003, California revenues neared a record \$130 million and California payroll soared to over \$76 million. CWX's California payroll through mid-July 2004 exceeded \$46 million and is projected to increase further.

Anticipating its continued growth, the Company proposes to hire and train 520 new Driver Sales Representatives (DSRs). According to CWX, drivers come with their Commercial Drivers' Licenses (CDL), however, standard CDL training does not cover many of the activities a CWX Driver Sales Representative must perform. The DSRs who operate CWX's revenue equipment are responsible for, of course, driving, but also for customer service, freight loading, unloading, dock operations, and generating sales leads.

Therefore, this project proposes to hire and/or promote 611 employees and provide training in the following:

Business Skills training includes several modules and will be provided to most trainees. The module, C.A.R.E. - Providing Exceptional Customer Service, will be provided to all trainees. The LINK module will be provided to customer service representatives in order to understand customer service job functions. The START and SALES modules will be provided to account executives to understand pricing, profitability, sales, and maintaining and developing new business opportunities.

The modules, TOPS II (Techniques of Professional Selling), Plus Program, and NOVA will be provided to account executives and operation assistants. The TOPS II training provides sales training, the Plus Program provides sales presentation training, and the NOVA program provides negotiation skills.

Inbound Operations, Outbound Operations, City Dispatch Operations, and FOCUS modules will be provided to freight operations supervisors, operations assistants, and assistant service center managers to provide participants with the skills to properly direct and supervise inbound shifts, outbound shifts, city pickup and delivery operations, and to communicate effectively with co-workers and customers.

Computer Skills training modules will be provided to all newly hired and/or promoted employees. Training topics include Computer Assisted Dispatch (CAD), Kronos Time Keeping System, Customer Information System (CIS) Data Entries, Freight Bill Correction, Con-Way Navigator

**NARRATIVE:** (continued)

(Intranet), Rate Aids, Customer Analysis Reporting, Shipment Management and Equipment Reporting, Rating/Costing System, etc.

Commercial Skills training consists of DSR training and freight handling. Newly hired Driver Sales Representatives will receive the DSR training and new employees will receive freight handling skills.

All training and administration will be provided by CWX personnel.

***Supplemental Nature of Training***

State law requires that ETP funds be used to supplement, rather than displace, funds available through existing programs conducted by employers and government-funded programs.

Currently, Con-Way Western Express provides a 12-week training program for new drivers and it covers commercial driver license training. The Company spends approximately \$180,000 per year on this training. Other training currently provided, such as the Customer Relationship Management system and communications skills training have been provided in an informal and unstructured setting. Skills are currently being taught, in many cases, in a lecture-only format, and ETP funds will allow the Company to enhance participant learning by changing these classes to a hands-on experience with opportunities to learn and do. This will be especially important in the area of computer skills training. Company officials state that ETP funds will allow CWX to deliver a comprehensive training program to a greater number of employees, accelerate the training schedule, and provide a structured classroom setting. The ETP funding will enable the Company to implement and deliver a clear, consistent training plan for every employee.

In the two years following the ETP funding program, CWX expects to spend over \$1.6 million to continue the ETP developed program and to expand upon the program.

**SUBCONTRACTORS:**

None

**THIRD PARTY SERVICES:**

Consultants have not or will not be used to provide services.

CON-WAY WESTERN EXPRESS

MENU CURRICULUM

Class/Lab Hours  
28 – 170

BUSINESS SKILLS

C.A.R.E. – Providing Exceptional Customer Service

The Importance of Exceptional Customer Service  
The Role of Product Knowledge  
Maintaining the Proper Attitude  
Communications Skills  
Additional Topics: Action & Follow-Up  
Organization & Time Management  
Teamwork

LINK

National Motor Freight Classification  
Shipment Rating  
Con-Way Rules Tariff  
Billing Hazardous Materials Shipments  
Handling Special Shipments  
Driver Check-In Procedures  
Shipment Tracking  
OS&D (Over, Short & Damage) Procedures  
Bill of Lading Blocking & Coding  
CIS (Customer Information System)  
Freight Bill Corrections  
Accounts Receivable  
Rate Aids

TOPS II (Techniques of Professional Selling)

Counselor Selling Concepts  
Sales Process and Call Outcomes  
Seller and Buyer Behaviors: Phases of the Selling and Decision Making  
Processes  
Planning and Pre-Call Investigation  
Account Strategy & Objectives  
Establishing Rapport  
Opening the Sales Call  
Uncovering & Developing Customer Needs  
Influencing Customer Selection Criteria  
Presenting Solutions, Advantages & Benefits  
Negotiating and Obtaining Customer Commitments  
Resolving Customer Consequence Issues

CON-WAY WESTERN EXPRESS

MENU CURRICULUM (continued)

BUSINESS SKILLS (continued)

TOPS II (Techniques of Professional Selling) (continued)

Providing Post-Sales Support

Case Studies

Job Aids & Sales Tools

START

Pricing Policies & Procedures

Customer Profilees

Request for Proposal (RFP) Process

Special Shipments

Freight Bill Corrections

Linehaul

Operations

Quality Assurance

SALES MENTOR

Freight and Logistics Terms

Sales Audit Requirements

Sales and Marketing Presentations

Pricing and Customer Profiles

Sales Reporting

Joint Sales Calls

PLUS Program

Understanding Persuasion and Its Components

Comprehension and Retention Strategies

The Persuasion Hurdles

The Human Communication Process

Non-Verbal Communication

Powertalk

Articulation

Listening to Communicate

Purpose and Strategy of a Presentation

Presentation and Customer Service Checklists

Planning Your Presentation

Top 10 Elements of a Good Presentation

Showmanship and Enthusiasm

The Effective Use of Visuals

Customer Involvement

The Power in Movement

Show' Em and Close' Em



CON-WAY WESTERN EXPRESS

MENU CURRICULUM (continued)

BUSINESS SKILLS (continued)

PLUS PROGRAM (continued)

Professional Sales Assessments

Creative Presentation and Selling Ideas

Final Presentation: Planning, Briefing, Presenting, Critique

Nova Program

Defining Negotiation

Negotiation Styles

Shared Interests and Iceberg Motives

Networking

Perception

Confidence and Creating a Plan

Personality Types and Relating

Listening and Attitude

Questioning Skills

Price Resistance

Buyer and Seller Tactics

Give Get Negotiating

Pricing Negotiations

Advocating and Controlling the Environment

Obtaining Commitment

Managing the Agreement

Understanding and Handling Objections

Final Role Play

Inbound Operations Training

Inbound Dock Set-Up & Management

Inbound Planning & Supervision

Service Center Yard Set-Up

Inbound Production

OS&D (Over, Short & Damage) Functions

Internal Audit Requirements

Inbound Dock Operations (Participation)

Security

PRIDE Program (Optimizing Dock Layout)

Weight and Inspection Programs

Outbound Operations Training

Outbound Dock Set-Up & Management

Outbound Planning & Supervision

CON-WAY WESTERN EXPRESS  
MENU CURRICULUM (continued)

BUSINESS SKILLS (continued)

OUTBOUND OPERATIONS (continued)

Service Center Yard Set-Up  
Outbound Production  
Loading Techniques  
OS&D (Over, Short & Damage) Functions  
Supervising the Driver Check-In  
Linehaul Lab  
Outbound Billing  
Communication & Time Management  
Security  
PRIDE (dock and yard setup system) Program (Optimizing Dock layout)  
Weight and Inspection Programs

City Dispatch Operations Training

Pickup and Delivery Planning  
Service Center Yard Set-Up  
Pickup and Delivery Production (Manpower Planning)  
OS&D (Over, Short & Damage) Functions  
Driver Control  
Partners in Projections  
Impact of Pickup and Delivery (P&D)  
Security  
PRIDE Program (Optimizing Dock layout)  
Weight and Inspection Programs

Foundation Of Communication to Unlock Success (FOCUS) Program

What is Communication?  
Foundations of High Impact Communication: Awareness, Self-  
Responsibility, Intentions and Congruence (Video, Exercises, Role  
Plays and Lecture)  
Why is Good Communication Necessary?  
Communication De-motivators in the Workplace  
Managing by Positive Reinforcement (Handout)  
The Experience Pyramid (Handout)  
Saying 'I don't know' Gracefully and Powerfully  
Things Not to Say to People  
Winning Attitudes (Self Assessment)  
Why Managers Don't Give Feedback  
Why Good Communication is So Difficult? (Activities and Exercises)  
Overview of Explaining Tasks and Procedures  
The 10 Step Approach to Explaining Tasks (Role Plays)  
5 Types of Listeners and How to Deal with Each One

## Why Communication Breaks Down

### CON-WAY WESTERN EXPRESS MENU CURRICULUM (continued)

#### BUSINESS SKILLS (continued)

##### FOCUS Program (continued)

###### Listening (Exercise)

###### Road Blocks to Effective Listening

###### Keys to Better Listening

###### Communication Styles

###### Communication and Conflict

###### Preventing and Resolving Conflict

###### Dealing with Negative Behavior

###### The Language of Resolution: I Language (Exercises and Role Plays)

###### Keeping Conversations Alive

###### Keeping Employee Loyalty

###### Respect Employees as Professionals (Self Assessment)

###### Guiding Principles of Communication

###### Final Role Play

##### Freight Assembly Center (FAC) Operations

###### FAC dock setup and Management

###### FAC Planning

###### Service Center Yard Set-Up

###### FAC Production

###### OS&D (Over, Short and Damaged) Functions

###### Internal Audit Requirements

###### Security

###### Safety

###### FAC Operations (Participation)

###### PRIDE Program (Optimizing Dock layout)

###### Linehaul Operations

###### Weight and Inspection Programs

##### Transportation Fundamentals

###### Introduction to (Safety, Integrity, Commitment, Excellence) CORE Values

###### Introduction to the Transportation Industry: Freight Terms, Freight

###### Handling Equipment

###### Fundamentals of Freight Flow

###### Quality (Service and Claims Standards/Role of Quality Department/Secret Shopper Program)

###### Service Recovery, Effective Loading, Responsible Care

###### Overview of the Zone Operation

###### Con-Way Sales Philosophy

###### Types of Sales Calls

CON-WAY WESTERN EXPRESS  
MENU CURRICULUM (continued)

BUSINESS SKILLS (continued)

Transportation Fundamentals (continued)

Phone Personalities  
Sales Role Playing  
10 Parts of a Sale  
Solutions Advantages and Benefits of Con-Way Services  
Words that Sell and Unsell  
Qualifying Decision Makers  
Establishing Commonality with a Customer  
Developing Needs  
Role Playing  
Pricing Terminology and Pricing Policies  
Shipment Characteristics  
(National Master Freight Classification) NMFC and Classification  
Rate Tables and Calculating Rates  
Determining 100 Weight  
Calculating Density  
Con-Way Accessorial Fees  
Sales Account Classifications  
Master Account (MAD) Codes

COMPUTER SKILLS

On-Line NMFC Function  
CIS (Customer Information System) Data Entries  
Freight Bill Correction Data Entries  
Retrieving & Reading Rate Aids  
Accounts Receivable Data Retrieval  
Microsoft Outlook  
Con-Way Navigator (Internal Web Site Tools)  
Con-Way Navigator Super Tools  
Customer Relationship Management System (CRM)  
Computer Assisted Dispatch (CAD) Skills  
Freight Bill Entry System (FBES)  
On-Line NMFC  
Rate Aids  
Con-Way Cost Model  
Accounts Receivable Collections  
Credit Exchange  
Customer Analysis Reporting

CON-WAY WESTERN EXPRESS  
MENU CURRICULUM (continued)

COMPUTER SKILLS (continued)

Territory Management (Call Planning Tool)  
Kronos Time Keeping System  
Microsoft Outlook  
Con-Way Navigator (Intranet)  
SMART Shipment Management and Equipment Reporting and Tracing)  
System  
SMART (Dispatch and Arrival)  
Navigator [On-Line NMFC]  
Excel, Microsoft Word, Workfacility (Corrections Spreadsheets and Work  
Tools, including Classification Certificates and Photo Imaging  
Certificates)  
Concur System  
Expenditure Request (ER) System  
Income and Expense (I/E) Estimator  
Short/Over System (SOS)  
Short/Over Matching Application (SOMA)  
Outside Maintenance Purchase Order (OMPO)  
EXCePtion (EXCP)  
CWX System term for tracking shippers (SHCI)  
Costing System  
Rating System  
Production Reporting System, AIM, Mainframe

COMMERCIAL SKILLS

Driver/Sales Representative (DSR)  
Hostling (Equipment Movement) Procedures (Certification)  
Operating a Forklift (Certification)  
Pre-trip Inspection  
Responsible Care  
Claims Prevention Practices  
City Pick-Up & Delivery Procedures  
Outbound Dock Procedures & Loading Trailers  
Linehaul Function  
Freight Assembly Center Operations  
Inbound Dock Procedures & Unloading Trailers  
Loading P&D Routes  
Proper Freight Handling Techniques  
Equipment Maintenance Procedures  
Security and Driver Awareness (Hi-Jack Video, Patriot Act, etc.)  
Sales & Customer Service

Freight Handling  
Freight Handling Requirements